

**Illinois Credit Union League**

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November 20, 2009

Ms. Jennifer J. Johnson  
Secretary  
Board of Governors of the  
Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

RE: Docket No. R-1370 – Proposed Rule on Implementation of the Credit Card Act

Dear Ms. Johnson:

The Illinois Credit Union League represents over 400 credit unions in Illinois. We are pleased to respond on behalf of our member credit unions to the Board's request for comment on the proposed rule amending Regulation Z to implement the provisions of the Credit Card Accountability, Responsibility and Disclosure Act of 2009 (Credit Card Act).

**Accelerating the effective date of provisions of the January 2009 final rule that are not addressed by the Credit Card Act.**

The Board has requested comment on whether the mandatory compliance date of the provisions of the January 2009 final rule not addressed by the Credit Card Act should be changed from July 1, 2010 to February 22, 2010.

It is clear from the coverage of the Credit Card Act that Congress reviewed all of the provisions of the January 2009 changes in determining which of those changes should be accelerated. Credit unions and their processors and other service providers are working diligently to comply with the many requirements of the Credit Card Act by February 22, 2010. This is made more difficult by the likelihood that the Board will be unable to issue the final rule on the Credit Card Act changes more than seven to eight weeks before the February 22 effective date.

Credit unions are focused on achieving compliance for their credit card programs. Many of the provisions of the January 2009 rule apply to all open-end programs other than HELOCs. Credit unions are planning to address the implementation of the other provisions of the January 2009 rule after February 22.

We believe, therefore, that the February 22, 2010 effective date should only apply to the provisions of the final rule required by the Credit Card Act. The supplementary information published with the final rule should identify the provisions that take effect February 22.

**Provision of Information About Credit Counseling Services.**

We believe proposed requirements contained in §226.7(b)(12)(iv) regarding provision of information about credit counseling services should be revised. Since the credit counseling services must be approved by the United States Trustee or a bankruptcy administrator we believe it would be appropriate to refer cardholders contacting the credit union to a Web site address or a telephone number maintained by the United States Trustee in lieu of providing the information on three credit counseling services in the cardholder's State.

We note that paragraph 6 of the proposed Official Staff Commentary on §226.7(b)(12)(iv) allows the listing of an address for the Web page operated by the United States Trustees in addition to the toll-free number. Creditors should be allowed to provide the same information when responding to cardholders.

**Obtaining Opt-In Consents.**

Creditors should be allowed to obtain consent for payment of over-the-limit transactions prior to the effective date of the final rule if they provide the cardholder with the opt-in-notice prior to or at the time of the consent. We believe oral, electronic and written consent should be allowed. Creditors should determine which methods will be accepted, provided the creditor must allow a subsequent opt-out by the same methods the consumer may use to opt-in.

**Changing a Non-Variable Rate to a Variable Rate.**

Paragraph (b)(2) of proposed section 226.55 allows a creditor to increase the annual percentage rate on existing balances on a variable rate plan if the rate varies according to an index that is not under the creditor's control and is available to the general public.

Paragraph 4 of the proposed Official Staff Commentary on §226.55(b)(2) states that a creditor can change a non-variable rate plan to a variable rate pursuant to the 45-day notice requirements of §226.55(b)(3) but only with respect to new transactions. The commentary implies this restriction is because the change can result in an increase in rates.

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We believe that restricting the variable rate changes to new transactions should not be imposed if the creditor is changing a non-variable rate to an equal or lower variable rate derived from the index and margin that will be used for future rate changes. If the consumer does not choose to have a variable rate account, the consumer can opt out and pay off the existing balance at the current non-variable rate.

#### **Appendix G--Periodic Statement Forms**

We understand that Periodic Statement Forms G-18(F) and G-18(G) published in January 2009 have not been changed materially other than as required by the Credit Card Act and are not the subject of the Board's request for comment. We note, however, that neither form includes an example of the disclosure of a grace period (if any) required by §226.7(b)(8) or an example of the disclosure of how the balance on which the finance charge is computed is determined, required by §226.7(b)(5). Both forms do include the amount of the balance on which the finance charge is computed (also required by §226.7(b)(5)). We believe adding these examples will improve the likelihood of compliance as periodic statements are revised to meet the July 1, 2010 effective date.

We appreciate the opportunity to respond to the Board's request for comment on the proposed rule amending Regulation Z to implement the provisions of the Credit Card Act. We will be happy to respond to any questions regarding these comments.

Very truly yours,

ILLINOIS CREDIT UNION LEAGUE

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